

Adopted	Rejected
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COMMITTEE REPORT

YES:	11
NO:	0

MR. SPEAKER:

*Your Committee on Employment and Labor, to which was referred House Bill 1779, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, delete lines 1 through 17, begin a new paragraph and insert:
- 2 "SECTION 1. IC 5-10.2-2-3 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) The annuity
- 4 savings account consists of:
- 5 (1) the members' contributions; and
- 6 (2) the interest credits on these contributions in the guaranteed
- 7 fund or the gain or loss in market value on these contributions in
- 8 the alternative investment program, as specified in section 4 of
- 9 this chapter.
- 10 Each member shall be credited individually with the amount of the
- 11 member's contributions and interest credits.
- 12 (b) Each board shall maintain the annuity savings account program
- 13 in effect on December 31, 1995 (referred to in this chapter as the
- 14 guaranteed program). In addition, the board of the Indiana state
- 15 teachers' retirement fund shall establish and maintain a guaranteed

1 program within the 1996 account. Each board may establish investment
 2 guidelines and limits on all types of investments (including, but not
 3 limited to, stocks and bonds) and take other actions necessary to fulfill
 4 its duty as a fiduciary of the annuity savings account, subject to the
 5 limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

6 (c) Each board shall establish alternative investment programs
 7 within the annuity savings account of the public employees' retirement
 8 fund, the pre-1996 account, and the 1996 account, based on the
 9 following requirements:

10 (1) Each board shall maintain at least one (1) alternative
 11 investment program that is an indexed stock fund and one (1)
 12 alternative investment program that is a bond fund.

13 (2) The programs should represent a variety of investment
 14 objectives under IC 5-10.3-5-3.

15 (3) No program may permit a member to withdraw money from
 16 the member's account except as provided in IC 5-10.2-3 and
 17 IC 5-10.2-4.

18 (4) All administrative costs of each alternative program shall be
 19 paid from the earnings on that program **or as may be determined**
 20 **by the rules of each board.**

21 (5) A valuation of each member's account must be completed as
 22 of:

23 (A) the last day of each quarter; **or**

24 (B) **another time as each board may specify by rule.**

25 (d) The board must prepare, at least annually, an analysis of the
 26 guaranteed program and each alternative investment program. This
 27 analysis must:

28 (1) include a description of the procedure for selecting an
 29 alternative investment program;

30 (2) be understandable by the majority of members; and

31 (3) include a description of prior investment performance.

32 (e) A member may direct the allocation of the amount credited to the
 33 member among the guaranteed fund and any available alternative
 34 investment funds, subject to the following conditions:

35 (1) A member may make a selection or change an existing
 36 selection under rules established by each board. A board shall
 37 allow a member to make a selection or change any existing
 38 selection at least once each quarter.

(2) The board shall implement the member's selection beginning the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the board **or an alternate date established by the rules of each board.** This date is the effective date of the member's selection.

(3) A member may select any combination of the guaranteed fund or any available alternative investment funds, in ten percent (10%) increments **or smaller increments that may be established by the rules of each board.**

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on:

(A) for an alternative investment program balance, the market value on the effective date; and

(B) for any guaranteed program balance, the account balance on the effective date.

All contributions to the member's account shall be allocated as of the last day of that quarter **or at an alternate time established by the rules of each board** in accordance with the member's most recent effective direction. The board shall not reallocate the member's account at any other time.

(f) When a member who participates in an alternative investment program transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program or to the guaranteed program, the amount credited to the member shall be valued at the market value of the member's investment, as of the day before the effective date of the member's selection **or at an alternate time established by the rules of each board.** When a member who participates in an alternative investment program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be the market value of the member's investment as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus contributions received after that date **or at an alternate time established by the rules of each board.**

- 1 (g) When a member who participates in the guaranteed program
 2 transfers the amount credited to the member to an alternative
 3 investment program, the amount credited to the member in the
 4 guaranteed program is computed without regard to market value and is
 5 based on the balance of the member's account in the guaranteed
 6 program as of the last day of the quarter preceding the effective date of
 7 the transfer. **However, each board may by rule provide for an**
 8 **alternate valuation date.** When a member who participates in the
 9 guaranteed program retires, becomes disabled, dies, or suspends
 10 membership and withdraws from the fund, the amount credited to the
 11 member shall be computed without regard to market value and is based
 12 on the balance of the member's account in the guaranteed program as
 13 of the last day of the quarter preceding the member's distribution or
 14 annuitization at retirement, disability, death, or suspension and
 15 withdrawal, plus any contributions received since that date plus interest
 16 since that date. **However, each board may by rule provide for an**
 17 **alternate valuation date."**
- 18 Delete pages 2 through 3.
- 19 Page 4, delete line 1.
- 20 Page 4, line 30, after "month," insert "**or an alternate date**
 21 **established by the rules of each board,"**.
- 22 Page 5, line 8, reset in roman "last".
- 23 Page 5, line 8, reset in roman "of the quarter preceding".
- 24 Page 5, line 8, delete "before".
- 25 Page 5, line 9, after "date." insert "**However, each board may by**
 26 **rule provide for an alternate valuation date."**.
- 27 Page 5, delete lines 13 through 18.
 (Reference is to HB 1779 as introduced.)

and when so amended that said bill do pass.

Representative Torr